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ABSTRACT

This supplement to the California State Department of Education's "Administration of the School District Risk Management Program" focuses on the basic considerations of the loss control program and the various methods that may be used in providing effective cost reduction through adequate loss control measures. The publication is intended to provide district personnel with an overview of loss control and to suggest subjects that should be addressed when constructing a loss control program. A loss control program consists of three essential elements--loss prevention, loss reduction, and loss avoidance. (Author/IRT)

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LOSS CONTROL SUPPLEMENT to ADMINISTRATION of the SCHOOL DISTRICT RISK MANAGEMENT PROGRAM

SCHOOL BUSINESS ADMINISTRATION
PUBLICATION NO. 1

CALIFORNIA STATE DEPARTMENT OF EDUCATION
Wilson Riles, Superintendent of Public Instruction
Sacramento, 1979

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LOSS CONTROL SUPPLEMENT to ADMINISTRATION of the SCHOOL DISTRICT RISK MANAGEMENT PROGRAM

SCHOOL BUSINESS ADMINISTRATION
PUBLICATION NO. 1

Prepared under the direction of the
Field Management Services Bureau

With the cooperation of the
California Association of School Business Officials

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Foreword

Far too frequently we read in the newspaper about fires and vandalism in the schools and about lawsuits brought against school districts for alleged personal injuries. At one time the school districts could easily pass on to the insurance companies the losses from these occurrences. However, that time has passed. The school districts must now assume more responsibility for loss control.

A successful loss control program must involve the school employee, the students, and the public, since the public has become more involved in activities held in school facilities. The governing board of the school district has the responsibility for providing a safe school environment, but it is the people who come in contact with that environment and who must act in a safe manner. Every person should be conscious of safety at all times when he or she is using these school facilities.

In addition to the human suffering caused by injuries, the taxpayer suffers a significant dollar loss. Since the 1977 revision to *Administration of the School District Risk Management Program,* School Business Administration Publication No. 1, school districts have renewed their interest in loss control. This renewed interest has been stimulated by the (1) high cost of insurance premiums; and (2) savings of 15 to 20 percent offered by some insurance companies on premiums charged districts that have an organized and ongoing loss control program.

I sincerely hope that more school districts will do their part in helping to reduce human injuries and dollar losses by examining their loss control programs and taking the appropriate corrective action.

Superintendent of Public Instruction

Preface

This supplement to the California State Department of Education's *Administration of the School District Risk Management Program*, School Business Administration Publication No. 1, focuses on the basic considerations of the loss control program and the various methods that may be used in providing effective cost reduction through adequate loss control measures. The publication is intended to provide district personnel with an overview of loss control and to suggest subjects that should be addressed when constructing a loss control program.

Loss control is an integral part of the risk management program and is essential to effective reduction of costs by decreasing the frequency and severity of losses. The governing board and administration must be totally committed to the implementation of loss control measures if the program is to be successful.

The supplement is the result of a joint effort by the California State Department of Education and the California Association of School Business Officials. It should be used in conjunction with the base document mentioned above and *Risk Management* published by the California Association of School Business Officials.

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Chapter I
Basic Considerations of Loss Control

Loss control is an integral part of the risk management program. The basic components of loss control are loss prevention, loss reduction, and loss avoidance. Activities associated with these components include (1) protecting people and property; (2) instilling in students and employees an awareness of safe practices; and (3) identifying potential risks in the school.

To be effective, the loss control program must be stated in the governing board's policy and must have top priority in the district. Personnel who are assigned to the loss control program must have management skills, safety expertise, and a knowledge of the law. These people must also have the authority to act within defined limits. The loss control program should be developed and maintained as part of the management structure.

Identification of Risk

Identification of risk is a primary consideration in any risk management program. While this is a function of the risk manager or the person assigned with risk management responsibility, it can only be accomplished by making all members of the school family, whether students or employees, aware of those exposures that are conducive to loss or damage to property and to personal injury.

Some large districts with sufficient staff are able to hire a person as full-time risk manager. However, in most medium size or small districts the risk management function is usually assigned to a person with multiple responsibilities. This person should use outside resources in addition to staff personnel to operate the loss control program. Community resources that are available to the risk manager are representatives from the local police and fire departments and insurance companies who can help with prevention of vandalism, fire and safety inspections, and so forth. State agencies such as the Division of Industrial Safety and the State Compensation Insurance Fund have people who can help with loss control problems. The members of the risk management committee within the California Association of School Business Officials may also be called upon for assistance in planning and implementing programs.

Sources in the district that may be used to identify areas of exposure include the following:

1. District and building administrators
2. Program supervisors
3. Department chairpersons, particularly in areas of physical education, industrial arts, and science
4. Maintenance and operations personnel
5. Ground supervisors
6. Transportation supervisors
7. Safety committee members
8. Student council
9. Loss records
10. Facility inspections
11. Organization charts
12. Curriculum guides

After the risk manager has identified the areas of risk, it is important to relate the degree of risk to the potential injury or damage.

Evaluation of Exposure

When potential exposures have been identified, they should be ranked according to degree of hazard so that attention may be focused on those that present the greatest potential for loss. Those exposures with the potential for immediate losses should be given high priority in establishing loss control procedures.

The risk manager should examine the overall benefits to the school district of education and recreational programs and community use of buildings and compare them with the potential cost to the district in the event of a loss. After such an evaluation, the district may decide that the cost is too high to warrant continuation of the activity. Conversely, if the activity is important to the goals of the school district, the risk may have to be assumed or insured.

After the risk manager has determined which exposures need to be attended to first, he or she should consider the various options open to him or her to reduce loss.

Methods of Protection

Most of the actions that the risk manager may take to protect the district against loss will involve changing human practices or attitudes and modifying the physical environment. Human factors include the selection of an appropriate person to do the job safely, on-the-job training in safe practices, and follow-up by supervision to ensure that safe practices are followed. Modification of the physical environment involves the following:

1. Protective devices, such as goggles, respirators (personal protection), machine guards, hand rails, fireproof containers, exhaust fans, and so forth
2. Security systems, including intrusion alarms, patrols, badge systems, and so forth
3. Periodic inspections of facilities and operations
4. Screening of construction and site modification plans prior to commencement of work
5. Posting of prohibited activities and hazardous areas

A successful loss control program is based on (1) the development of an awareness on the part of all persons of situations conducive to accidents or losses; and (2) the adjustment of behavior to fit the situation when protection cannot be afforded through physical or mechanical alterations.

Self-Insurance or Self-Assumption

In the evaluation of risk, the risk manager should determine whether the potential loss can be handled within the financial means of the district or whether the risk should be transferred or eliminated. If the potential losses are small, the district must decide whether to establish a reserve from which the losses can be paid (self-insurance) or to pay the losses from current general operating funds (self-assumption). A detailed discussion of self-insurance is given in *Administration of the School District Risk Management Program*, School Business Administration Publication No. 1. In all cases, the district should avoid exposure to catastrophic loss and should self-insure or expose only those risks capable of assumption.

Transfer of Risk

Certain risks, because of their potential for catastrophic loss, may not be within the limit of liability that the district is capable of assuming. Other risks, under good business practices, should be transferred to other sources.

Those risks that the district is not capable of assuming should be transferred to an insurance carrier, the professional risk-bearer. This may be done through normal insurance coverage or through the purchase of excess insurance or excess layers to cover risk beyond the amount that the district may assume. The basic principle is that all risk that is beyond the financial capability of the district should be insured or the risk otherwise transferred.

Risks may be transferred through contractual agreements, whereby persons using district facilities or persons performing certain services under contract to the district assume all liability and hold the district harmless from any claim or suit.

The district should make certain that the other party to the contractual agreement has a liability policy and that the liability coverage of that policy includes contractual disability.

An additional method of transferring risk is to secure an indemnification agreement to protect the district against any losses that may occur as a result of using district facilities or providing contract services.

Some districts have had success with reciprocal agreements for providing services, such as the use of a computer operations when an accident or a breakdown causes district facilities not to be available. With this type of agreement, it is important to make certain that the entity with whom the agreement is made has compatible equipment and comparable use of such facilities.

Chapter II
Loss Control

School districts throughout California are engaged in a wide range of complex activities as part of an effort to satisfy community desire to provide a total experience for all students. The district's responsibility for implementing and managing the total educational program necessitates working closely with students, employees, and the public. It also involves the care of property and the safe use of vehicles. Loss control within these major areas is essential to provide a support system that will minimize personal injury and property loss.

Elements of Loss Control

The essential elements of loss control are loss prevention, loss reduction, and loss avoidance. All loss control activities may be approached on the basis of these three elements, which are defined as follows:

1. *Loss prevention*—Loss prevention is the reduction in the frequency of losses and the lessening of the chances of loss by changing the nature of an activity to make it less dangerous.
2. *Loss reduction*—Loss reduction involves reducing the extent and the results of a loss after it occurs.
3. *Loss avoidance*—Loss avoidance is the prevention of loss through avoidance of an activity that is deemed to be too hazardous or an activity that does not reflect sufficient benefit from either an educational, recreational, or public relations standpoint to warrant coverage.

Guidelines for Loss Control

The effectiveness of a loss control program depends on the cooperation of many people. The person assigned the responsibility for managing the program is the key to a successful program. He or she must have an interest in the program, must expend effort, and must possess an imagination for problem solving. The school trustees and the administration must provide total support. Finally, the employees and students must perform all activities in a safe manner. All personnel must be trained to be alert to exposures that may result in an injury or loss of property and to report them to the appropriate person for correction.

At a time when public schools are faced with declining funds, on-the-job injuries to employees are costing the local school districts millions of dollars yearly. A loss control program should reduce worker injuries through the use of good hiring and training procedures and should make provisions for a safe work environment. By using the proper procedures, methods, and so forth, losses may be prevented, reduced, or avoided.

Districts should perform a number of specific loss reduction activities in conjunction with the three previously defined elements of the loss control program. The information presented in the following sections may be used by the districts to construct a loss control program for employees, students, property, vehicles, and that segment of the public that uses school facilities.

Employee

Some of the more important activities that should be considered in formulating any kind of loss control program for the employee are as follows:

1. Loss Prevention
   a. Perform loss analysis.
   b. Conduct safety inspections.
   c. Conduct hazard analysis of buildings and equipment.
   d. Provide training programs.
   e. Use selective hiring practices.
   f. Correctly assign personnel.
   g. Repair hazards promptly.
   h. Use CAL/OSHA services.
   i. Form safety committees.
2. Loss Reduction
   a. Conduct prompt accident investigations.
   b. Provide immediate medical care following an accident.

c. Assign modified work to employees when appropriate.
d. Provide rehabilitation to injured employees.

3. Loss Avoidance—Review activities and avoid assigning staff where high risk exists and employees lack proper training and equipment. The alternative in these situations is to contract with skilled tradespersons.

Student

Hazards to students vary by instructional programs and locations. The following is a list of objects or conditions that are potential causes of student injuries. The list may be used during site inspection to make sure that correct practices are being followed and that safe conditions exist.

1. Loss Prevention
   a. Facilities
      (1) Conduct periodic hazard checks.
      (2) Stress prompt reporting of broken furniture, equipment, or other hazards.
   b. Classrooms (regular)
      (1) Provide instruction in the correct use and storage of sharp pointed and cutting tools.
      (2) Eliminate objects that may be accidently swallowed.
      (3) Provide instruction in the correct lifting and carrying of objects.
      (4) Eliminate improvised ladders.
      (5) Remove clutter from floors and aisles.
      (6) Place markings on the floor where doors open into corridors.
      (7) Provide adequate protection for students attending school on crutches, in casts, in wheel chairs, and so forth.
   c. Vocational Education
      (1) Home economics
         (a) Check gas appliances for proper adjustment and absence of leaks.
         (b) Provide instruction in the danger of burns from such things as hot oven doors, deep fat fryers, and spilled liquids.
         (c) Provide for the safe storage of matches.
         (d) Provide instruction in the correct use of electrical appliances, such as irons, sewing machines, and so forth.
         (e) Provide proper storage for pins and needles.
      (2) Shop
         (a) Provide correct supervision.
         (b) Check machines for condition and the presence of safety switches and guards.
         (c) Provide instruction in the correct use of machines and handtools.
         (d) Mark areas and materials that may present special hazards.
         (e) Correctly store all tools and materials.
         (f) Stress that proper clothing and personal safety devices are to be worn when operating machines.
         (g) Stress cleanliness of floors and work surfaces.
   d. Science Classes and Laboratories
      (1) Check the correct labeling of chemicals and provide for proper storage.
      (2) Stress the correct handling of chemicals and glassware.
      (3) Provide proper protective clothing and insist that it be worn.
      (4) Provide proper ventilation.
      (5) Give instruction in fire prevention procedures and the proper use of fire extinguishers.
      (6) Stress cleanliness of floors and work surfaces.
      (7) Give instructions on the proper handling of laboratory animals.
      (8) Provide first aid materials and give instruction in their use.
   e. Art
      (1) Give instruction on the proper use repair, and storage of handtools.
      (2) Check equipment and appliances (such as kilns and hot plates) for operating condition, safety guards, and proper use.
      (3) Stress the correct use and storage of materials with special attention on flammable or caustic materials.
   f. Physical Education
      (1) Have students wear appropriate clothing with no jewelry.
      (2) Give special maintenance attention to gymnasium floor, bleachers, and playing fields.
      (3) Provide instruction in the use and maintenance of equipment used for:
         (a) Gymnastics
         (b) Weight lifting
         (c) Track and field events

(d) Baseball/softball
(e) Football
(f) Tennis
(g) Soccer
(h) Volleyball

(4) Establish a routine maintenance and safety inspection program for the swimming pool.
(5) Maintain constant supervision of locker and shower rooms when students are present.

g. Lunchroom
(1) Provide adequate supervision.
(2) Keep floors free of spillage.
(3) Avoid overcrowding.
(4) Caution students about the danger of burns from hot food and trays.

h. Stages and Auditoriums
(1) Keep exits, aisles, and corridors free from clutter.
(2) Give special maintenance attention to risers, lighting equipment, props, and curtains.
(3) Keep stairways well lit.
(4) Supervise seating and exiting of students.

i. Playgrounds
(1) Plan play areas so that:
(a) Field sports do not overlap.
(b) Play areas are away from buildings, walls, and fences.
(c) Court games are placed around the perimeter.
(2) Provide adequate supervision at all times.
(3) Stress the safe use of apparatus.
(4) Keep playground free of obstacles, glass, and so forth.

j. Fire Prevention and Drills
(1) Inspect all sites for fire hazards.
(2) Construct a fire drill plan to include:
(a) A distinct evacuation signal
(b) Routes for evacuation
(c) Roll call by the teacher
(d) A distinct signal for returning to building
(3) Provide special storage for flammable materials.
(4) Install panic locks and regularly check for correct operation.
(5) Test fire alarms and check extinguishers on a scheduled basis.

k. Pupil Transportation
(1) Provide adequate supervision both off and on the bus.
(2) Conduct bus evacuation drills.
(3) Provide clearly marked and safe loading zones.
(4) Require bus drivers to be adequately trained on an ongoing basis.

l. Field Trips
(1) Require written parental permission.
(2) Provide adequate supervision.
(3) Require that school pupil activity buses (SPAB) be certified and drivers be trained.

2. Loss Reduction
a. Provide timely medical care.
b. Report all accidents promptly.
c. Promptly handle all claims.
d. Use appropriate legal action.
e. Obtain student insurance when required and/or practicable.
f. Process claims through an office within the district.

3. Loss Avoidance—Establish a curriculum review process to modify or eliminate high risk activities.

Property

The loss control program constructed for school property may be based on the following items:

1. Loss Prevention
a. Select appropriate design and construction.
b. Provide adequate alarms.
c. Install proper security.
d. Make frequent inspections.
e. Provide safeguards to prevent vandalism.
f. Place live-in trailers on-site.
g. Coordinate the school's program with other local entities such as police and fire departments.
h. Seek community involvement.

2. Loss Reduction—Maintain accurate inventories.

3. Loss Avoidance
a. Avoid types of construction that are not appropriate to school sites.
b. Maintain an adequate preventive maintenance program.
c. Secure State Department of Architecture approval of all structures.

Vehicles

School vehicle losses can be controlled by constructing a program that is based on activities such as the following:

1. Loss Prevention
a. Provide defensive driving instruction.

b. Conduct background check of operator's driver license.
c. Secure proper equipment.
d. Require physical examinations for all drivers.

2. Loss Reduction
   a. Report losses promptly and accurately.
   b. Require insurance for private vehicles when used for district business.

3. Loss Avoidance
   a. Limit the use of private vehicles for district business.
   b. Use contract carriers in place of private vehicles.

In addition to the foregoing criteria, it is important that the risk manager be involved in the review of curriculum and in any changes in existing programs. This review should also include community use of district facilities. Some programs may be desirable but may be impractical in terms of the cost of insuring the activity.

Emergency procedures and plans should be prepared to cover all areas of exposure. They should be reviewed with all personnel and students so that there will be safe and orderly reaction if an emergency situation develops.

Finally, it is important to make maximum use of the expertise of insurance company personnel in carrying out the loss control program.

Chapter III
Evaluation of Losses

Separate reporting forms are required for pupil/public accidents, vehicle accidents, and property losses. The forms should be designed for easy tabulation of information and should include the cause and nature of the injury, the location, and the amount of loss. A reporting system should include provisions for trend analysis so that the district may determine the extent of progress resulting from a loss control program.

A supervisor's report should be prepared as a separate item from the loss report. This report places the responsibility on the supervisor, ensures that he or she is aware of losses occurring within his or her jurisdiction, and provides for recommendations to prevent or control future losses.

Little is gained from a reporting system unless the information developed is reported to and used by the district's administration. The collection of data will not result in the reduction of losses.

Evaluation of the data and action taken on the information that is developed should result in the reduction of losses and expenses through an efficient loss control program. Each district must determine the type of information needed to develop an effective program and assign the responsibility for the distribution of this information and the procedures to be used to translate loss information into an effective loss control program. Care should be taken to avoid handling losses as individual situations, because this results in review of a single incident rather than treatment of sources of loss developed from the accumulation of data and the identification of broad areas of exposure.

The cost involved in the purchase of insurance to repair or replace property and to pay claims is directly related to the effort expended in loss control. There is no way to reduce the overall cost other than by the efficient use of an effective loss control program to eliminate exposures, reduce the extent of losses that do occur, and eliminate hazardous situations from the activities of school districts. An activity should be evaluated for having sufficient educational, recreational, or public relations benefits to warrant the exposure involved, or it should be removed from the district program.

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